

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF MINERALS
MINING COMMISSION**



**A REPORT ON KIMBERLEY PROCESS CERTIFICATION
SCHEME FOR TANZANIA
YEAR 2021**

09 MAY, 2022

DODOMA, TANZANIA

Contents

1. INTRODUCTION.....	3
2. INSTITUTIONAL FRAMEWORK	3
3. LEGAL FRAMEWORK	3
3.1 Punishment and Penalties for offences.....	4
4. EXPORT AND IMPORT REGIME	4
5. SYSTEM OF INTERNAL CONTROLS AND INDUSTRY SELF-REGULATION	5
6. ROUGH DIAMOND STATISTICS.....	6
7. IMPLEMENTATION OF RECOMMENDATIONS OF THE KP REVIEW VISIT	7
8. INFRINGEMENTS AND COOPERATION WITH RESPECT TO ENFORCEMENT	7
9. MISCELLANEOUS.....	7

A. INTRODUCTION

Tanzania has continued to monitor and control diamond production and trading to make sure that the Kimberley Process Certification Scheme (KPCS) principles and procedures are followed properly for the country to remain compliant.

Pursuant to the Administrative Decision (AD) on Procedures for Respecting confidentiality within the Kimberley Process (KP) adopted in November, 2010 and the AD on KPCS Peer Review System (as revised in 2019), Tanzania does not wish to identify any statement or element of this report as “KP ONLY”. Thus, Tanzania requests that this report be published on the public-facing portion of the KP website.

B. INSTITUTIONAL FRAMEWORK

The Kimberley Process Office situated in the Mining Commission, which is responsible for the implementation of KPCS activities, import and export of rough diamond; the office is under the authority of the Executive Secretary. The Mining Commission is working closely with the Tanzania Revenue Authority’s Customs Department, Tanzania Intelligence and Security Service and the Police Force for strengthening our internal control. The Kimberley Process Office forms a part of the Mineral Audit and Trade Department which is under the Director for Mineral Audit and Trade who is assisting the Executive Secretary in administering the KPCS activities.

The Mining Commission is an Institution within the Ministry of Minerals. The Mining Commission offices are located in Dodoma region, P.O. Box 2292, DODOMA - TANZANIA and can be contacted through Telephone No.: +255 26 2320051, Facsimile: +255 26 2322282, and E-mail: tanzaniakpcs@tumemadini.go.tz. Eng. Yahya I. Samamba (Acting Executive Secretary) is a contact person at the Mining Commission assisted by Eng. Cuthbert Nkhangaa who is currently a focal point.

C. LEGAL FRAMEWORK

Tanzania has reformed its legal framework and fiscal regime to make a conducive environment for the Mining Sector. The reforms have resulted into an improved administration of the Sector and increased efficiency in monitoring and controlling minerals production and trading.

The Mining Act, 2010 and The Mining (Diamond Trading) Regulations of 2003 have been amended to allow for monitoring of all mining and trading activities of all minerals. The amendments of the Mining Act, 2010 done through the Written Laws (Miscellaneous Amendments) Act, 2017 and The Mining (Diamond Trading) Regulations of 2003 done through the Mining (Diamond Trading) Regulations, 2019

focus at among others, the development of Artisanal and Small-Scale Mining in Tanzania through formalization and provision of technical support.

C.1 Punishment and Penalties for offences

Any person who contravenes any of the provision in Diamond trading regulation commits an offence and liable:

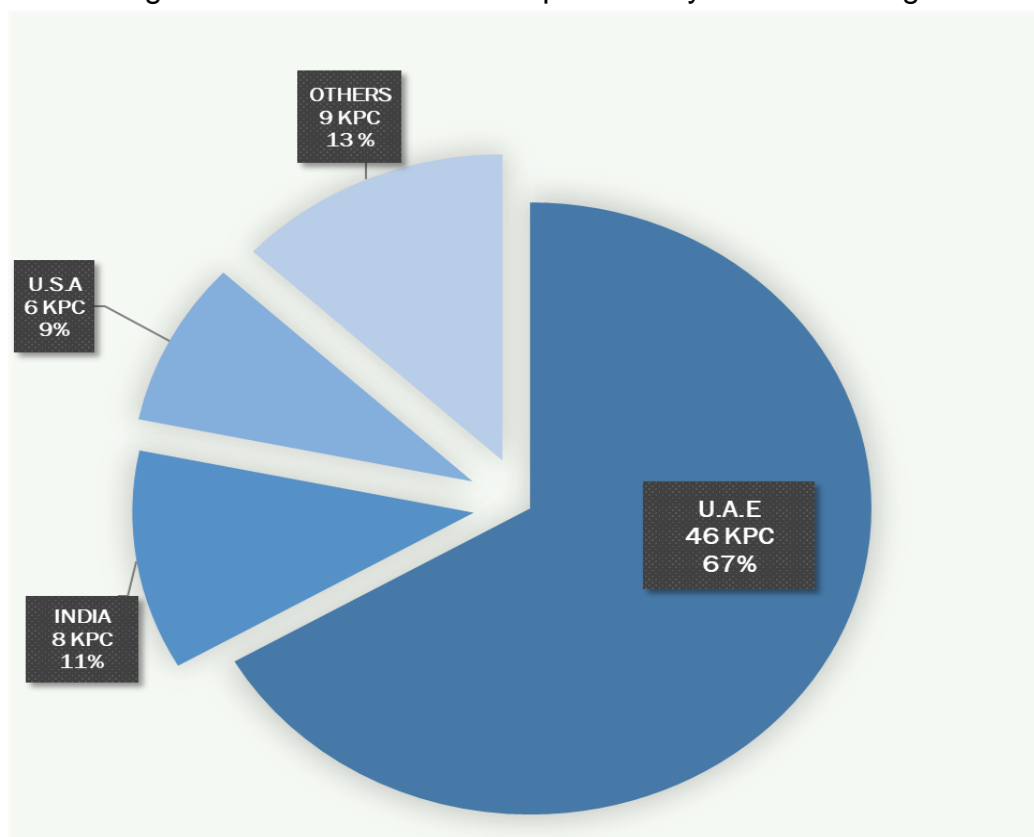
- a. In case of an individual to imprisonment for a term not exceeding three years or to a fine not exceeding US dollar twenty thousand (US\$ 20,000) or to both.
- b. In case of body corporate, to a fine not exceeding US dollar one hundred thousand (US\$ 100,000)
- c. Cancellation of his license and permanently be disqualified from prospecting, mining or dealing in diamond and any other minerals.
- d. Any rough diamonds obtained contrary to the provisions of Diamond trading regulations shall be forfeited in addition to other penalties.

D. IMPORT AND EXPORT REGIME

Before the issuance of Kimberley Process Certificate, the exporter of rough diamonds must submit a valid Dealer's license/Mining license which allows him to export minerals outside Tanzania. The Dealer's license indicates full address, type of minerals, the premises and signature of Executive Secretary or a person authorized to sign. The exporter fills the application form which indicates license type, license number, weight, value, source of diamonds to confirm that diamonds are conflict free, place of export and declaration of exporter by putting his signature, name and qualification to apply for a certificate and pays to the government **USD 100** as an application fee for Kimberley Process certificate. Post to the valuation process, the exporter is required to pay royalty (**6%** of a value) and inspection and clearance fee (**1%** of value) to the Government.

In 2021, Tanzania did not import any rough diamonds parcel from other participants. On the other hand; United Arab Emirates, India and U.S.A were the leading importers from Tanzania with 46, 8 and 6 certificate counts respectively (Fig. 1)

Fig.1: Number of KPC Issued per country and Percentage



In 2021, Tanzania issued a total of 69 Kimberley Process Certificates; an increase of 5 certificates compared to 64 certificates which were issued in 2020.

All import and export records are stored in a computerized excel sheets indicating the name of exporter and importer, KPC number, issuing date, carat weight, value, inspection and clearing fee and the royalty paid to the government.

E. SYSTEM OF INTERNAL CONTROLS AND INDUSTRY SELF-REGULATION

The Written Laws (Miscellaneous Amendments) Act, 2017 and The Mining Regulations, 2018 emphasize the control and monitoring of diamond production, import and export. The legislature has improved monitoring in the sense of record keeping and control of diamond trading.

For strengthening internal controls, training for Small Scale miners, Mineral Brokers and Dealers were conducted in places where Diamond is being mined. The inspection of Large-Scale Mines, Small-Scale Mines and Dealers were also conducted to ensure compliance. The Mining Commission still cooperates with other government organs and authorities to manage trafficking of diamonds resulting from conflicts.

According to the Mining Act, 2010 and its amendments of 2017; it is prohibited to possess any mineral including rough diamond unless one has acquired a Mining Licence, Dealer Licence and/or Broker Licence. The Mining Commission keeps a computerized database for all holders of diamond Mining Licences, Dealer Licences and Broker Licences. Tanzania continues to communicate electronically with other KP participants through official email address and do reconciliation to other trading partners.

The licensed dealers who acquire rough diamonds from the mines or brokers come to the KPCS office for valuation and issuance of KPC, pay application fee, inspection and clearing fee and royalty to the government through the bank. The government collects the cash through its accounts. Tanzania was able to receive back most of its KP Certificates Import Confirmation Slips from its major trading partners.

For strengthening our internal controls and effective collection of production and export statistics, we have established 42 Mineral Markets and 76 buying centers all over the country. This has enabled the government to monitor and control illegal mineral trading and smuggling including diamond.

F. ROUGH DIAMOND STATISTICS

Tanzania submitted and published a complete statistical data to the KPCS website for the year 2021. According to the data submitted Tanzania has not traded with any non-participant. In 2021, Tanzania produced and exported a total of **47197.17 Carats** of rough diamonds valued at **24,198,874.08 USD** from Large and Small-Scale producers (Table 1).

Table 1. ROUGH DIAMONDS EXPORTS FOR 2021

COUNTRY	WEIGHT(CARATS)	VALUE(USD)
Belgium	26,626.53	20,233,234.15
United Arab Emirates	18,272.24	3,400,419.99
India	1,926.48	202,363.84
United States of America	260.85	304,988.44
European Union	35.19	6,712.41
Turkey	20.8	9,360.00
Russian Federation	19.51	14,875.68
Switzerland	18.73	6,344.22
Israel	13.82	19,563.62
China	3.02	1,011.73
TOTAL	47,197.17	24,198,874.08

The exported weight in 2021 has decreased by **67.93%** as compared to 2020 export volume. This was mainly due to suspension of mining operations at the major Diamond Mine in Tanzania called Williamson Diamond Limited (WDL) due to the impact of

COVID 19 pandemic. Regardless of remarkable decrease in volume of production, there was small decrease in export value (1.21%) as compared to value of exports in 2020. WDL conducted only one shipment in 2021 during the fourth quarter (Q4) after resuming of production activities. WDL exported a total of **26,614.72 carats** equivalent to **56.39%** of total annual production for the referred year.

Tanzania has met all of the statistical reporting requirements in accordance with Annex III of the Kimberley Process Certification Scheme document.

G. IMPLEMENTATION OF RECOMMENDATIONS OF KIMBERLEY PROCESS REVIEW VISIT

Tanzania is continuing with the implementation of all recommendations of the 2016 KP Review Visit, including licensing of small-scale miners, enforcement of internal controls, record keeping and others.

H. INFRINGEMENTS AND COOPERATION WITH RESPECT TO ENFORCEMENT

Tanzania has always cooperated with her trading partners by sending emails confirming export prior to arrival of shipment and reconciliation of export data.

I. MISCELLANEOUS

The KPCS activities are implemented by the Government Officials within the Mining Commission appointed by the Executive Secretary to oversee and monitor the diamond production and trading activities as required by the diamond trading regulations and KPCS rules and procedures.

The office of the Kimberley Process has two (2) Focal Points including: The Acting Executive Secretary and Assistant to the Acting Executive Secretary on KPCS activity. It comprises of six (6) signatories authorized by the Executive Secretary to issue Kimberley Process Certificates.

Table 2. ROUGH DIAMONDS EXPORTS FOR FIVE YEARS

Year	Export			Import			KPC Counts
	Volume (Cts)	Value (USD)	USD/cts	Volume (Cts)	Value (USD)	USD/cts	TOTAL
2017	298,126.99	79,416,709.46	\$266.39	0.00	\$0.00	\$0.00	57
2018	383,391.15	96,066,728.21	\$250.57	0.00	\$ 0.00	\$0.00	51
2019	416,749.52	89,334,601.56	\$214.36	0.00	\$0.00	\$0.00	58
2020	147,190.95	24,495,355.35	\$166.42	0.00	\$0.00	\$0.00	64
2021	47,197.17	24,198,874.08	\$512.72	0.00	\$0.00	\$0.00	69

Source: Kimberley Process Certification Scheme website